Briefing Note: Procurement Process for School Investment Package

To: Hon Chris Hipkins, Minister of Education

Date: 9 December 2019  
Priority: Low

Security Level: In Confidence  
METIS No: 1215653

Key Contact: Alison Murray  
DDI: § 9(2)(a)

Messaging seen by Communications team: No  
Round Robin: No

Purpose

This paper provides you the procurement processes that will be used for the School Investment Package, these include the existing 5-Year Agreement (5YA) funding and 10 Year Property Plan (10YPP) approach, and notes that given the low values, the restriction of the Ministry’s Construction Directory does not apply.

Summary

- The School Investment Package is able to be delivered within the current 5YA funding and 10YPP processes. Although the additional funding will increase the volume of projects the Ministry will support schools to help deliver the work.
- Local and small businesses are not precluded from delivering school projects and due to the increased scope/scale of works and the 2-year timeframe, it is likely that a high proportion of the work will go to local providers.
- The Ministry will facilitate a procurement exemption to allow schools to extend and increase the existing scope of works that are planned for the summer holiday break. This will enable the work to begin as soon as possible.
- Given the value of the projects involved, and the fact that that these projects will be school-led, the Ministry’s Construction Directory does not apply.

Proactive Release

- agree that this briefing is proactively released as the processes are well known to schools and the School Investment Package has been publically announced.

Kim Shannon  
Head of Education Infrastructure Service  
10/12/19

Hon Chris Hipkins  
Minister of Education  
17/12/19
Background

1. The School Investment Package aims to accelerate and bring forward property works in state schools across New Zealand, by providing funding to:
   - prioritise school-led investments;
   - enable smaller scale projects to be delivered;
   - be used within existing processes (supporting ease of implementation); and
   - deliver projects within a 6 - 24 month timeframe. Nearly every state school will receive a capital injection valued at $693 per student to bring forward urgent school property improvements.¹

2. The funding for the School Investment Package is allocated to each eligible school, as with the process for the 5-Year Agreement (5YA) funding. Ministry property staff will support schools to identify appropriate projects and delivery options, and the funds will be allocated once these plans are finalised.

3. To support the completion of projects within the 2 year timeframe, the Ministry will make procurement advice, guidance and assistance available to streamline the contracting phase for schools.

Identifying projects

4. The Ministry has updated the website guidance to schools on the new School Investment Package funding and how to identify projects.² A key focus of this advice has been encouraging schools to engage with their Ministry Property Advisor (or existing Project Manager) to identify appropriate items from their 10-Year Property Plan (10YPP) to accelerate.

5. If schools do not have suitable projects planned within their 10YPP, the Ministry Project Advisors will work with the school Board to identify projects that:
   - can be completed within the timeframe;
   - improve the school environment for its students;
   - support the school’s vision for education delivery.

<table>
<thead>
<tr>
<th>Source</th>
<th>Action</th>
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</thead>
<tbody>
<tr>
<td>Appropriate 5YA projects underway</td>
<td>Procurement exemption to increase the scope of projects over the summer</td>
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<tr>
<td>Appropriate 10YPP projects planned</td>
<td>Confirm and bring forward relevant projects</td>
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<tr>
<td>No appropriate projects planned</td>
<td>Work with Boards on projects that can be rapidly delivered</td>
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Current 5YA processes

6. The necessary frameworks to support schools deliver any works funded through the School Investment Package, are already in place within the 5YA process.

7. The 5YA process is familiar to schools, and the Ministry works at three levels to answer questions and ensure clarity:
   - School-level: the Ministry appointed Property Advisor provides direct guidance to schools about how to undertake individual projects and what procurement processes are required;

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Board-level: the Ministry delivers Property 101 sessions to groups of Boards of Trustees to provide guidance on how the Ministry property function works and how to get assistance; and

Consultant-level: the Ministry coordinates regional property consultant forums every six months. These regular sessions are held to ensure Project Managers and Consultants are kept informed about new policies and operational updates.

8. The procurement process for each project is determined by value. This is outlined below:

<table>
<thead>
<tr>
<th>Project value</th>
<th>Process expectations</th>
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<tbody>
<tr>
<td>Under $10,000</td>
<td>the school can just find a tradesperson and get on with the work;</td>
</tr>
<tr>
<td>$10,000 - $50,000</td>
<td>the school needs to request a written quote;</td>
</tr>
<tr>
<td>$50,000 - $100,000</td>
<td>the school is required to seek three written quotes;</td>
</tr>
<tr>
<td>Over $100,000</td>
<td>the school needs to submit an open tender on GETS to which any interested supplier can submit a bid.</td>
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</tbody>
</table>

9. Under the 5YA processes, the Project Manager working on behalf of the school, has the responsibility for managing the assessment and selection process that awards contracts to suppliers. This places the decision making at the local level. The Ministry’s property staff will support schools, principals and Boards to deliver the additional works now possible under the School Investment Package.

Supporting schools to access local services

10. It is anticipated that most schools will be able to use existing contractor relationships and local providers to deliver the additional work funded under the School Investment Package.

11. It should be recognised however, that not all regions have locally-based suppliers for the specialised services and in these circumstances, national level suppliers may need to be sought.

Additional guidance and advice

12. To support increased delivery, the Ministry will be providing additional guidance, advice and answer questions. This will occur through the established communication forums and the Ministry Property Advisors. To be able to provide this enhanced service, we are looking to allocate additional resourcing to the regions to support Property Advisers.

13. The Ministry will also work with industry to make them aware of the opportunities and encourage local suppliers to respond to tenders. At the scale of works envisaged under the School Investment Package, and the 2 year timeframe, it is likely that the majority of works will be undertaken by local suppliers.

Procurement exemptions

14. In situations where projects are already planned and contracts confirmed, the additional funding available through the School Investment Package provides the opportunity to increase the scope of the existing work. As a result, the larger total project value may have additional procurement implications.

15. The Ministry will facilitate procurement exemptions to support schools to extend existing contracts to increase the works that are already planned for the school holiday break. This will enable School Investment Package projects to begin as soon as possible. An example of this may be extending a contract for teaching space upgrades to include additional classrooms. Each exemption will be confirmed prior to the release of the School Investment Package funding to schools.

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Construction Directory does not apply

16. The requirement to restrict contracts to those on the Construction Directory only applies for capital projects with a value of over $500,000. Projects at this scale are generally managed by the Ministry on behalf of schools.

17. The School Investment Package delivers additional funding for schools of up to $400,000. Given the value, and that these projects will be school-led, the Construction Directory does not apply. The value of the school-led project are likely to be under the $500k threshold for the Construction Directory.